Distr.
GENERAL

IDB.20/17
14 October 1998

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twentieth session
Vienna, 19-20 November 1998
Item 6 of the provisional agenda

PERFORMANCE INDICATORS

Report by the Director-General

Summary

Provides information on the development of performance indicators to be applied to the work of UNIDO, as a follow-up to discussions of the intersessional working group on the future role and functions of UNIDO (IDB.19/6, para. 5), explaining the developments that have occurred since the nineteenth session of the Board.

CONTENTS

		Paragraphs	*Page*
Introduction		1	2
Chapter			
I.	RECENT DEVELOPMENTS	2 - 3	2
II.	CURRENT STATUS	4	2
III.	ACTION REQUIRED OF THE BOARD	5	2

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

V.98-56767 (E) (a:\1998\pmo.2)

Distr.: 19 October 1998

Introduction

1. In recent sessions of the policy-making organs, considerable interest has been shown in performance indicators to monitor and assess the work of UNIDO. In decision IDB.18/Dec.14, the Board requested the intersessional working group on the future role and functions of UNIDO to further develop, in consultation with the Secretariat, a set of criteria and indicators that would allow the future assessment of the implications and monitoring of the implementation of the UNIDO reform process, in particular through the programme and budgets. Subsequently, in resolution GC.7/Res.1 on policy framework of UNIDO, the General Conference requested the Director-General to keep the Member States informed about the implementation of the Business Plan, *inter alia*, through a range of performance indicators. In accordance with a proposal of the intersessional working group on the future role and functions of UNIDO (IDB.19/6, para. 5), a conference room paper reporting on progress of the work on performance indicators was issued to the nineteenth session of the Board (IDB.19/CRP.2).

I. RECENT DEVELOPMENTS

2. A number of developments have taken place since the nineteenth session of the Board that fundamentally affect the elaboration of performance indicators. New sets of service modules have been defined to refine and streamline UNIDO services. These services are delivered in three ways: as comprehensive packages, single-module and special *ad hoc* services, in line with the Business Plan. Furthermore, a new management framework, service management cycle, cost accounting system and support mechanisms have been elaborated in the context of Director-General's Administrative Instruction No. 9. Based on the principles of "working together", "measuring costs" and "assessing impact", the new approach entails such mechanisms as regional programming, full cost measurement of UNIDO services (technical cooperation and global forum activities), and rapid impact assessment by UNIDO representatives in addition to formal evaluations by evaluation staff.

3. Other developments of relevance relate to new evaluation measures; the initiation of a new staff performance evaluation system featuring cross-functional teamwork; rationalization of the Organization's service management cycle; the establishment of a controller function; a search for a new programme and budget system to shift from an input focus to an output and result orientation, based on the new service modules and a time-based cost accounting system; and an exhibition of success stories featuring projects with particular impact. These initiatives will enhance a culture of performance in UNIDO. They are primarily intended to improve performance and support a system of performance indicators, which in turn is designed to facilitate oversight by the Member States.

II. CURRENT STATUS

4. The radical programmatic transformation that has taken place since the nineteenth session of the Board has necessitated a complete review of the suggested performance indicators discussed in document IDB.19/CRP.2. In particular, the definition of the service modules and the service management cycle have completely changed the way UNIDO provides services to client countries. For these reasons, the Secretariat is designing a new set of performance indicators with greater relevance to the transformation process of the Organization. These may also include some indicators suggested in document IDB.19/CRP.2 whose relevance still applies. A conference room paper with suggested indicators will be issued to the Board at its twentieth session. Subject to their finalization and acceptance, the newly-developed indicators will be applied to the 1999 programme performance report to be issued in conjunction with the annual report, as well as to the programme and budgets, 2000-2001.

III. ACTION REQUIRED OF THE BOARD

5. The Board may wish to take note of the information contained in the present document and to provide guidance for further action.